Value-Based Insurance Design Update

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Value-Based Insurance Design Overview

- Decrease cost-sharing for high-value services
  - e.g., disease management, smoking cessation, generic medications
- Increase cost-sharing for low-value services
  - e.g., certain back surgeries
- To date, most VBID initiatives have focused on decreasing cost-sharing
  - Few have increased cost-sharing for low-value services, but becoming more common.

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VBID Efforts to Date

- March and June 2012: Council discussed consumer-driven plans at March and June, 2012 meetings
  - Agreement that alternative insurance designs are needed to reduce costs and improve quality/outcomes
- September 2012: Initial discussion of different value-based purchasing approaches
- December 2012: Narrowed focus to VBID
  - Presentations from University of Michigan VBID Center and Oregon public employee health plan
  - Council indicated interest in using VBID for both high-value and low-value services

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VBID Efforts to Date

- March 2013: Council provided input on VBID strategy document
  - University of Michigan VBID Center hired as consultant to provide recommendations on promoting VBID in Maryland
- Summer 2013: Consultants have provided drafts of recommendations to DHMH

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Oregon Public Employees' Benefit Board

- The Oregon Public Employees' Benefit Board (PEBB) provides benefits to about 51,000 state and university system employees and their dependents
- Created 4 "tiers" of services based on value
- Highest value tier:
  - Mammograms, immunizations, well child visits, pap smears, colonoscopies, 17 services in total, pre-ACA
  - Free tobacco cessation – no or low cost medications
  - Free weight management (participation requirement)
  - Free value medications – chronic conditions, cardiac, high blood pressure, diabetes and asthma
  - No or low cost office visits for chronic conditions

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Oregon Public Employees' Benefit Board

- Low value tier
  - $500 co-payment not subject to the deductible & out of pocket maximum
  - Spine surgery, hip & knee replacements, shoulder and knee arthroscopy, bariatric surgery, sinus surgery
  - $100 for sleep studies, spinal injections, CT,MRI, SPECT imaging, upper endoscopy, ED visits
  - Exclude cancers and traumatic injuries

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Oregon Public Employees' Benefit Board

- Results
  - Most all HEDIS measures in the 90th percentile
  - Tobacco use: Dropped from12.4% in 2008 to 5.8% in 2012.
  - Weight management: 9% - 14% participate (ROI $2M 1st yr.)
  - Obesity rates: Dropped from 28% to 23%
  - Imaging and sleep studies decreased between 15% and 30%
  - All other low value tier services decreased approximately 15 -17%

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Connecticut Health Enhancement Program (HEP)

- Requires employees and dependents to receive age-appropriate preventive care services
  - Including primary care visits, vision exams, two annual dental cleanings, mammograms, colorectal cancer screenings and cholesterol screenings.
- Members and their families with chronic diseases receive free office visits and reduced pharmacy copayments for treatments related to their condition.
  - Copayments for prescriptions are reduced or eliminated, and deductibles are waived.

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Connecticut Health Enhancement Program (HEP)

- Enrollees avoid a health insurance surcharge of $100 a month, and those with a targeted chronic condition also are eligible to receive an incentive payment of $100 a year for achieving all HEP requirements in a given year.
- If enrollees do not comply, they may be disenrolled. HEP sends out regular reminders to avoid the situation.

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Connecticut Health Enhancement Program (HEP)

- Results
  - About 98% of 57,000 eligible Connecticut state employees and retirees voluntarily enrolled.
  - Monthly primary care visits increased from about 12,000 to about 21,000, pre and post implementation.
  - Specialty care visits decreased from about 24,000 to about 19,000 in May 2012. Monthly emergency room visits dropped from about 3,500 to 2,700
  - Medical trend for HEP enrollees decreased from +13% in fiscal year 2011 to +3.8% in fiscal year 2012.

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Maryland Health Benefit Exchange Act of 2012

- Maryland is one of two states to mention VBID in state laws establishing health insurance exchanges
- "The Exchange may employ alternative contracting options and active purchasing strategies, including:
  1) competitive bidding;
  2) negotiation with carriers to achieve optimal participation and plan offerings in the Exchange; and
  3) partnering with carriers to promote choice and affordability for individuals and small employers among qualified plans offering high value, patient-centered, team-based care, **value-based insurance design,** and other high quality and affordable options."

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Options for Health Insurance Exchange

- Option 1: Encourage benefit design flexibility for plans that include VBID elements.
  - In contrast to requiring all exchange plans to offer the exact same set of benefits with similar copay and coinsurance structures, this option would encourage innovation among plans.
- Option 2: Encourage insurers to market VBID plans to consumers with specific conditions, such as diabetes and asthma
  - Effectively targeting consumers with specific chronic conditions and providing appropriate incentives could be less costly for plans than it would be to offer the same benefit to all enrollees regardless of condition.

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Options for Health Insurance Exchange

- Option 3: Encourage plans to offer a blend of carrots and sticks and give these types of VBID plans more regulatory latitude.
  - Much greater likelihood for cost savings (e.g., Oregon PEBB)
- Option 4: highlight and promote plans incorporating VBID elements when consumers search on the exchange website.
  - A plan that features extensive use of VBID might be displayed more prominently than a plan that contains few VBID elements. Exchange could also use symbols to denote VBID plans, much as they might use other symbols to denote plans with limited networks or other features.

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Options for Health Insurance Exchange

- Option 5: promote plans that couple consumer incentives with innovative payment models (e.g., patient-centered medical homes) that reward value over volume
  - Display prominently plans that provide incentives for patients to enter PCMHs and other innovative delivery models.
- Option 6: Recognize VBID designs in plan quality ratings.
  - The law requires all exchanges to rate carriers' efforts to promote quality. Inclusion of VBID could be criteria for quality rating.

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Options for Health Insurance Exchange

- Option 7: Require all qualified health plans seeking certification by the exchange to offer certain VBID elements.
  - Requirements could include "sticks" for low-value services or any other previously mentioned features

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Options for Self-Insured Plans

- Option 1: Develop statewide criteria and/or "star" ratings that could be adopted and used to promote VBID plans
  - Could be aligned with ratings used for Exchange plans, or could be separate. Would work with business groups to develop.
- Option 2: Develop formal partnership with business coalitions to promote VBID plans
  - Mid-Atlantic Business Group on Health has been engaged on this issue. A formal partnership could result in greater attention to VBID and align

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Options for Self-Insured Plans

- Option 3: Incorporate VBID promotion and outreach as part of Maryland's Healthiest Businesses
  - Wellness and Prevention Workgroup would take on outreach as part of Maryland's Healthiest Businesses, in partnership with the Evidence-Based Medicine Workgroup.

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Discussion

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